

Date : November 18, 1989

No 44/89

## STOP PRESS

### HEALTH COUNCIL

#### Labelling

The Council of Health Ministers, which was held on November 13 in Brussels, discussed three items relating to the Action Programme on Cancer:

The Council, despite British objection, formally adopted the draft Directive on labelling of tobacco products which means that, by 1 January 1993, all packs must bear tough health warnings on both largest surfaces, covering at least 4% of each side. While a standard warning will be printed on the front of the pack, member states will be free to choose a number of rotational warnings from a list of 14, to be printed on the other side.

#### "Tar"

The Council also adopted, in first reading, a common position on the maximum "tar" level Directive which would, if adopted by both Council and Parliament in second reading, require cigarette companies to cut "tar" delivery of their product to 15mg by January 1993 and further decrease this level to 12mg by January 1998. A longer timetable was granted for Greece.

#### Advertising

The Council was unable to approve the third item on the agenda, the draft advertising Directive. The debate, however, revealed that all Ministers, even if they did not agree on how to proceed, thought it was urgent to regulate advertising for tobacco products (FT / WSJ / GUARDIAN / INDEPENDENT / LIBERATION / LE MONDE 14.11).

### EEC AFFAIRS

#### E.M.U.

European Community finance ministers agreed to leave the controversial issue of European Monetary Union (EMU) to the summit of the 12 EC heads in Strasbourg next month. The political upheaval in East Germany has thrown the EC of balance in its move towards further integration. West Germany's finance minister Theo Waigel notably, was noncommittal on whether his country would back calls to speed up the drive for economic and monetary union (WSJ / FT 14-15.11).

#### East Germany

A plan to admit a democratised East Germany as an associate member of the European Community is to be put to the EC Heads of Government by EC Commission president Delors. He will unfold a new strategy for improved relations with Eastern Europe that gives priority to bringing a reformed German Democratic Republic closer to the Community, adding that "...the GDR is a special case and in our future relations with East Germany, we will be ready to go beyond the negotiation of a trade agreement" (GUARDIAN 16.11).

GARY LARSON 1988



Eventually, Steve looked up: His mother was nowhere in sight, and this was certainly no longer the toy department.

#### Euro Employment

Eurostat, the EC statistics agency, announced that unemployment in the Community shrank to 9.1% in September from 9.2% in August and from 9.8% a year earlier. The largest declines in unemployment were in Spain, Ireland and the UK. Rates in France, Italy and Luxembourg were little changed, while joblessness in Denmark and Portugal rose slightly. EC unemployment was highest in Ireland, at 17%, followed by Spain, at 16.4% (WSJ 14.11).

#### Schengen Group

The Schengen Group, West Germany, France and the Benelux countries will sign a Treaty next month on immigration and police co-operation allowing them to abolish controls on people on their common frontiers. Although the initial 1990 deadline will be missed, the Schengen success blazes a trail along which the seven other EC states may yet follow, though states around Community's rim like Britain, Denmark and Greece still have deep reservations (FT 15.11).

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## INDUSTRY NEWS

### Dunhill

Pre-tax profits at Dunhill, the luxury consumer products group, surged by 37% in the six months to end-September. The increase was scored on sales of £122.5mn against £99.9mn last year. On the possible use to which Dunhill's cash pile might be put, the group said that it was keen to make additional acquisitions but felt that, since prices were only starting to ease, it should wait for a while (FT 16.11).

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## POLITICS & ECONOMY

### Gatt

The United States is moving to conform with several decisions of the GATT. In cases involving customs fees and waste cleanup payments, the Bush administration is coming into line with the findings of special trade dispute panels set up by GATT. US officials said that they were "interested in promoting effective dispute settlement in the GATT because we view ourselves more as a plaintiff than a defendant in the future" (IHT / WSJ 14.11).

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### EC / ACP Trade

Caribbean countries are increasingly concerned that they will suffer economically from political changes taking place in eastern Europe. At an ACP meeting held in Barbados, Mr Sandiford, prime minister of the islands, said that the EC was more interested in providing financial support to Eastern Europe than to the Caribbean, adding that "...the inequities of the ACP/EC trade, now written in ink, will be recast in concrete after 1992" (FT 15.11).

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## MARKET NEWS

### Great American Smokeout

The American Cancer Society launched its annual "Great American Smokeout" day, asking an estimated 50 million smokers to stub out their cigarettes, cigars and pipes. "Non-smokers will adopt smokers for the day by signing "adoption papers" and show their support with gifts, snacks and promises for advice" the Cancer Society said (UPI 15.11). At the same time, Senator E.M. Kennedy proposed legislation that would give the government control over tobacco products (IHT 16.11).

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### Alcohol Labelling

From the end of this week, all alcoholic beverages bottled in the United States must carry this warning: "Government Warning: (1) According to the surgeon general, women should not drink alcoholic beverages during pregnancy because of the risk of birth defects. (2) Consumption of alcoholic beverages impairs your ability to drive a car or operate machinery, and may cause health problems." Warnings must be printed on containers in letters no smaller than two millimetres (IHT 14.11).

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## INDUSTRY NEWS

### RJR Nabisco

RJR Nabisco reported losses of \$447mn in the third quarter to September because of heavy interest costs and an expensive reorganisation of its tobacco business. The net loss compared with profits of \$355mn in the third quarter of 1988. Revenues and profits were down 5% in the quarter, to respectively \$604mn and 3bn. While this decline was mainly attributed to RJR's decision to reduce US tobacco trade inventories, the food business increased its operating profits to \$186mn from 171mn (FT 15.11).

### Philip Morris

A congressional committee, lead by anti-smoking campaigner Rep. T. Luken, will question whether Philip Morris Cos' new \$60mn "Bill of Rights" ad campaign is an attempt to skirt the federal ban against broadcast tobacco advertising. Public Citizen, a consumer group, last week asked the Senate subcommittee on Government Information to put an immediate end to the agreement between Philip Morris and the National Archives that gave rise to the campaign ( WP / AA 13.11).

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### BAT Farmers

Sir James Goldsmith unveiled a \$20.5bn bid for BAT Industries PLC. The Anglo-French financier's announcement aims at mollifying U.S. state insurance regulators, who have asked Sir James bidding group, Hoylake, to provide more information about the bid before they will authorise any change in control of BAT's Farmers Group Inc. insurance unit. If the bid succeeds, Hoylake's ally, France's Axa-Midi Assurances is offering to buy Farmers for \$4.5bn (FT / WSJ / IHT / GUARDIAN 17.11).

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## STUDY

### Coffee & Cholesterol

Researchers at the Stanford Centre for Research in Disease Prevention, in California, announced that decaffeinated coffee has been found to raise cholesterol levels in human beings. The scientists, who expressed surprise at their findings, said that coffee drinkers may be able to lower their cholesterol levels by switching from decaffeinated to caffeinated brews, adding that their discovery had enormous potential public health implications (IHT 15.11).

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